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Agenda Item 6a

October 18, 2011

TO: MEMBERS OF THE BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

- I. **SUBJECT:** California Employers' Retiree Benefit Trust (CERBT) Fund Update
- II. **PROGRAM:** CERBT Fund
- III. **RECOMMENDATION:** Information only

III. ANALYSIS:

The CERBT closed June 2011 with 306 contracted employers and assets of \$1.85 billion (see attachment 1). These assets are dedicated to prefunding other post-employment benefits (OPEB) of active and retired members.

Since that date, CERBT staff prepared information required to report in compliance with GASB 43 for the fiscal year ending June 30, 2011. The CERBT program provides GASB 43 compliant CalPERS Comprehensive Annual Financial Report (CAFR) disclosures for participating employers each fiscal year. These disclosures are used by the participating employers to meet their financial reporting requirements under GASB 43.

CERBT staff, in conjunction with fiscal and investment staffs, has implemented a new system to record and report CERBT employer asset account balances and transactions. The new record keeping system was enabled in July 2011. CERBT staff continues to test and refine procedures to use features of the system. We expect employers to begin to use the system beginning in January 2012.

Currently, CERBT staff is engaged in pursuing two significant objectives:

- Guide CERBT employers to align the date of their valuation reports to June 30, 2011, and biennially thereafter. About 200 CERBT employers must change their reporting cycle. This change is required by Governmental Accounting Standard Statement 57 (GASB 57), published in December 2009.

- Educate employers about the three asset allocation strategies that will be offered by the CERBT beginning in fiscal year 2011-12. The CalPERS Board authorized those strategies in March 2011. These strategies will be adopted by employers and implemented in the CERBT program during the 2011/2012 fiscal year. Employers will communicate their choice to CalPERS in the June 30, 2011 OPEB valuations they are preparing.

V. STRATEGIC PLAN:

This item is not a specific product of the Strategic or Annual Plans but is part of regular and ongoing workload of the CERBT Program.

VI. RESULTS/COSTS:

None

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Attachment